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SUBJECT: HMG ON HOW TO MOVE THE EU ON BURMA, SUDAN SANCTIONS

REF: LONDON 823

Classified By: Political Minister Counselor Maura Connelly for reasons
[1](#)1. 4 (b,d)

[1](#)1. (C) Summary: IO/DAS Brian Hook and Treasury Officials Adam Szubin and John Smith met British Foreign Office (FCO) and Treasury officials March 25 to discuss the way forward on Burma and Sudan sanction regimes. FCO officials explained that the EU would not agree to more Burma sanctions in April at the GAERC, as Ministers will not take action prior to the Burma referendum in May. It is also unclear that the referendum will be an "action forcing event" which would cause EU Members to call for further sanctions. Nonetheless, HMG is developing a series of additional sanctions the EU could endorse should a consensus develop for further action. HMG will also work to advance implementation of measures already agreed by the EU. HMG officials said EU member states look to the UN, and UN Special Representative Gambari, for guidance on the merit of using sanctions in Burma. HMG officials said distance between the actions of the EU and those of Burma's Asian neighbors also caused EU Member States to be hesitant to call for further sanctions. On Sudan, there was less optimism about sanctions or other EU activity. HMG said EU Member States look to the Security Council, not the EU, to take action on Sudan. End Summary.

[1](#)2. (U) IO Deputy Assistant Secretary Brian Hook, Treasury officials Adam Szubin and John Smith met at the Foreign Office with FCO Burma Coordinator Nicholas Alexander, FCO Director for Sanctions Stephen McCormick, FCO Burma sanctions officer Angus Stewart, Sudan sanctions policy officer Louise Lassman and HM Treasury officer Patrick Guthrie. Poloff accompanied.

Burma Sanctions in the EU

[1](#)3. (C) DAS Hook told British officials that the USG offered to meet with the Burmese junta in June, 2007. There had been little response. OFAC Director Adam Szubin said the USG has evidence that sanctions are having an effect, although the USG understands that sanctions must be one piece of a broader diplomatic effort, and that sanctions alone will not bring about change in Burma. Hook asked whether the late April meeting of EU Ministers (the GAERC) could be used to increase sanctions on the regime. FCO Burma Coordinator Nick Alexander said this was not likely, as the referendum in Burma was scheduled for May and Ministers would not launch new initiatives in advance of it. Hook asked if, once the referendum had taken place, EU Ministers would consider agreeing to fresh sanctions. Alexander and FCO Director for Sanctions Stephen McCormick, said it wasn't clear the referendum would be an "action forcing event" as there was not much expectation the referendum would "fail more than it

already has" as its faults were "largely in the process, not the result."

¶4. (C) Alexander explained that there are three factors influencing EU Member States' decisions on whether to increase sanctions in Burma. They are:

-- Advice from the UN. UNSR Gambari's publicly critical posture toward broad sanctions informs EU Member States, many of which depend on the UN for information on Burma;

-- The distance between calls for increased sanctions (including in the UNSC) and the more limited policies of Burma's Asian neighbors;

-- The traditional North/South divide on sanctions. "The smalls" and Northern European states (Netherlands, Sweden, Denmark, Germany, Belgium, the UK, and sometimes France) support sanctions while Southern European states (namely Italy, Portugal) resist their use.

Hook told the UK officials that Gambari has been privately very supportive of targeted sanctions. UK officials agreed, but said his more broadly disseminated views cautioned against broad use of sanctions.

¶5. (C) Alexander suggested that a way to overcome EU hesitancy to increase sanctions on Burma was to make clear to EU Member States what incentives were possible should the Burmese junta respond. This would mollify the "sanctions skeptics" who want to see a policy with more components than just sanctions, and help to close the widening gap between U.S./UK calls for greater sanctions and the behavior and attitudes of Burma's Asian neighbors. Alexander noted that

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the crisis in the fall of 2007 had created a rallying point for EU Member States and Burma's Asian neighbors alike, but those positions have drifted further apart with time. Direct parallels with the situation in Tibet do not make it any easier to bridge the gap with Burma's Asian neighbors, added Alexander.

¶6. (C) Hook asked when EU Ministers would have an opportunity to discuss new sanctions if they would not consider this question at the April GAERC. McCormick and Alexander explained that an EU decision to agree to new sanctions did not have to be taken at an official GAERC meeting and could, in theory, take place at any time after the May referendum in Burma, should a consensus develop that the idea has merit. McCormick underscored that movement by the EU should not be ruled out. He said the EU is a slow-moving organization and one ruled by consensus, but once the center weight on a policy shifts, the EU will act. Hook inquired whether, and Alexander confirmed that, HMG is developing options for new EU sanctions, should the EU position move toward accepting the concept. These include:

-- A comprehensive ban on all new EU investment, including the oil and gas sector;

-- Addition of entities to the assets freeze; and

-- Targeted measures against three State-owned banks.

¶7. (C) Szubin asked whether there were ways to enhance the implementation and enforcement of the existing EU sanctions, regardless of whether new sanctions could be agreed. Alexander and McCormick said this should be done, as a "back-door" way to strengthen sanctions without forcing agreement for the same within the EU. Szubin asked Her Majesty's Treasury official Patrick Guthrie, head of the Assets Freezing Unit, whether the EU had a means to provide the banking sector with advice on how to implement existing sanctions. Guthrie said there were technical, implementing officers within the EU. McCormick, however, said "how to

build this kind of capacity for all EU sanctions regimes (not just Burma)" was a question currently being discussed in Brussels. Szubin said he would explore the subject further with EU officials.

Sudan - EU looks to the UN

18. (C) Hook asked about the EU's position on Sudan. FCO Sanctions Team Sudan officer Louise Lassman said the EU "looks to the UN" to lead on Sudan policy and that only one country, the Netherlands, had expressed any interest in using the EU to implement its own sanctions regime. HMG officials lamented the lack of momentum on Sudan, and noted that some EU countries like Germany appeared uninterested in Sudan. They said USG efforts to use opportunities such as appointments of envoys to Sudan were best directed at Europe through the UN, or bilaterally. The EU took its political cue on Sudan from the UN.

19. (U) Adam Szubin cleared this cable.

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